

A sepia-toned photograph of an elderly couple walking on a sandy beach. The woman, on the left, has curly hair and is wearing a light-colored long-sleeved shirt and a dark vest. The man, on the right, has short grey hair and is wearing a white button-down shirt and light-colored trousers. They are holding hands and walking towards the right. The background shows the texture of the sand and some distant footprints.

If You Become Disabled

Your Disability Protection

For members of the
Michigan Public School Employees Retirement System

October 2004

Your Disability Protection

If you become ill or injured while you are an active employee of a participating Michigan public school, and you can no longer work, your retirement plan provides protection for you and your dependents. Your retirement plan is provided under Public Act 300 of 1980, as amended, which governs the Public School Employees Retirement System. Benefits are administered by the Office of Retirement Services (ORS), a division of Michigan's Department of Management and Budget.

Our online benefit **estimator** can help you estimate the monthly **pension** amount you might receive if your disability **application** is approved.

Eligibility Criteria

To qualify for a disability retirement, you must meet all of the following conditions:

- You file an application with ORS within one year of the date of your termination from public school employment. This filing deadline can be extended an additional 24 months if the retirement board determines that you have extenuating circumstances for not filing within one year. If more than 12 but less than 36 months have passed since your termination and you believe you can prove extenuating circumstances, substantiation for late filing must accompany your application.
- An independent medical advisor certifies that you are *totally* and *permanently* disabled. Total means you are unable to perform the duties of your position, or a similar position for which you are qualified by reason of training, experience, or both. Permanently disabled means the disability is likely to last your lifetime.
- You are vested with the equivalent of 10 years of full-time school employment for a *nonduty disability* (an injury or illness incurred outside of work). If you have a *duty disability* (an illness or injury incurred from duties at work), a benefit could be payable regardless of how long you have been employed by the public school system. You must be receiving weekly workers' compensation benefits when you apply to be eligible for a duty disability benefit.
- You are not able to retire with a regular age and service pension. If you are a *Basic Plan* member (generally those hired and vested by January 1, 1990) you qualify for a regular age and service pension at age 55 with 30 years of service. If you are in the *Member Investment Plan* (MIP) you need to be at least 46 years old with 30 years of service to retire with a regular age and service pension.
Note: In general, you earn one year of service when you work 1,020 hours in a school fiscal year.

How Pensions Are Calculated

Nonduty disability pension calculation.

A nonduty disability retirement benefit is calculated the same as a regular service retirement. The formula multiplies your *years of service* times *1.5 percent* times your *final average compensation* to figure your annual pension amount.

When you apply, you can choose the *straight life option* that pays you the most money but does not provide any ongoing benefits to a beneficiary when you die. Or you can elect a *survivor option*, which pays you less but continues pension and health insurance benefits to your beneficiary upon your death. For more information about your retirement options, ask for the ORS publication *Retirement Readiness: A Two-Year Countdown*. You can find this publication at www.michigan.gov/ors as well.



Duty disability pension calculation.

A duty disability retirement is calculated the same as a regular service retirement—your *years of service* times *1.5 percent* times your *final average compensation*. We always credit at least 10 years of service to calculate a duty disability pension, even if you have not worked for the public school system that long.

You are also able to choose a retirement plan option. As in a regular service retirement, you can choose the *straight life option*, which pays you the most money but does not provide any ongoing benefits to a beneficiary when you die. Or you can elect a *survivor option*, which pays you less but continues pension and health insurance benefits to your beneficiary upon your death.



The Application Process

File an application.

Your application for disability retirement must be received within one year from the date of your termination from public school employment. (Again, you may get a 24-month extension if you are able to show extenuating circumstances.) Any application for disability retirement, regardless of when it is filed, must be for a condition that you incurred before your termination from public school employment.

Your first step to apply for a disability pension is to contact ORS and request a *disability retirement packet*. Along with an application form, the packet contains detailed information about insurances and pension options, as well as the forms needed to process your application. You must sign the *medical release* forms that allow an independent medical advisor to obtain and review the medical records pertaining to the injury or illness that you believe prevents you from working. Once completed, you must send the forms to Disability Determination Services (DDS).

Be sure to ask your human resource office about other programs you may be eligible for such as social security disability benefits, workers’ compensation, long-term disability insurance, and more.

The disability determination.

DDS is part of Michigan’s Family Independence Agency. DDS assists ORS in the disability application process by collecting and validating forms, obtaining and reviewing medical documentation, and providing expertise in determining medical eligibility to the retirement board.

DDS will ask the medical providers listed on your application to send your medical records directly to DDS for review. An *independent medical advisor* from DDS will review your medical records and, if necessary, schedule an exam for you with a medical professional.

After the review of all the medical records, DDS reports its findings to the Public School Employees Retirement Board.

Visit our website to register for a preretirement information meeting to help you understand retirement pension and insurance options.

If your application is approved.

If DDS determines your medical condition meets the disability criteria, it will recommend to the retirement board that your application be approved. If the board agrees with the DDS evaluation, ORS will notify you of the approval. We will then process your application and insurance enrollments and you will receive your first pension payment four to six weeks after all required information is received. Your first check will include any past due benefits as well.

If the board approves your disability retirement and you have not terminated your employment with your school yet, contact your human resource office immediately so your benefits are not delayed. If you do not terminate employment within 30 days of the board’s decision, you may have to reapply.

If your application is denied.

If DDS determines that your condition does not meet the medical requirements for a disability pension as defined in the retirement act, you will receive a denial letter. This letter will advise you of your appeal rights and the deadline for filing an appeal.

What to Expect as a Disability Retiree

Your pension payments. Before your payments begin we will send you an *award letter* that tells you the amount of your pension payment and when you can expect your first check. Pensions are issued on the 25th of each month.

The award letter will include a booklet that tells you more about things like benefit statements, postretirement increases, insurance enrollments, and taxes. It will also tell you when and how to get in touch with us after your pension payments begin.

Annual certifications. As a disability retiree, every year until age 59 you will receive an *Annual Disability Certification* form that you must complete and return to ORS. This form verifies that you are still unable to work because of a disabling condition.

Medical reexaminations. The retirement board may require that you have a *medical reexamination*. If the reexam determines that you are capable of resuming employment and you are receiving a nonduty disability pension, your disability benefits may be stopped. As a duty disability retiree, if a reexam finds you are capable of resuming employment and you are restored to active service, your disability benefits will stop.

If you return to work. If you return to employment, there is a limit on how much you can earn without affecting your pension. As a disability retiree, you can be employed with the approval of the retirement system and you can earn up to the difference between your final compensation and your annual pension without your pension being reduced. If you earn more than the limit, you will have to repay the excess amount to the retirement system (a dollar-for-dollar reduction in your pension). This limit applies until you reach the regular age and service pension requirements.



We’re Here to Help

We hope that this pamphlet has helped you understand the disability application process. We realize you have a lot of important decisions to make regarding your future. Please don’t hesitate to contact us if you have any questions regarding disability or retirement benefits.



www.michigan.gov/ors



ORSCustomerService@michigan.gov



(800) 381-5111

Within Lansing (517) 322-5103



P.O. Box 30171

Lansing, MI 48909-7671



Main Office - Lansing

8:30 - 5:00 Walk-ins welcome

General Office Building

Corner of Harris Drive and Ricks Road



Outreach Office - Detroit

Phone (313) 456-4010 for appointment

Cadillac Place

3068 W. Grand Blvd., Suite 4-700

The intent of this publication is to summarize the disability provisions under Michigan's Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern. Published by State of Michigan, Department of Management and Budget, Office of Retirement Services.